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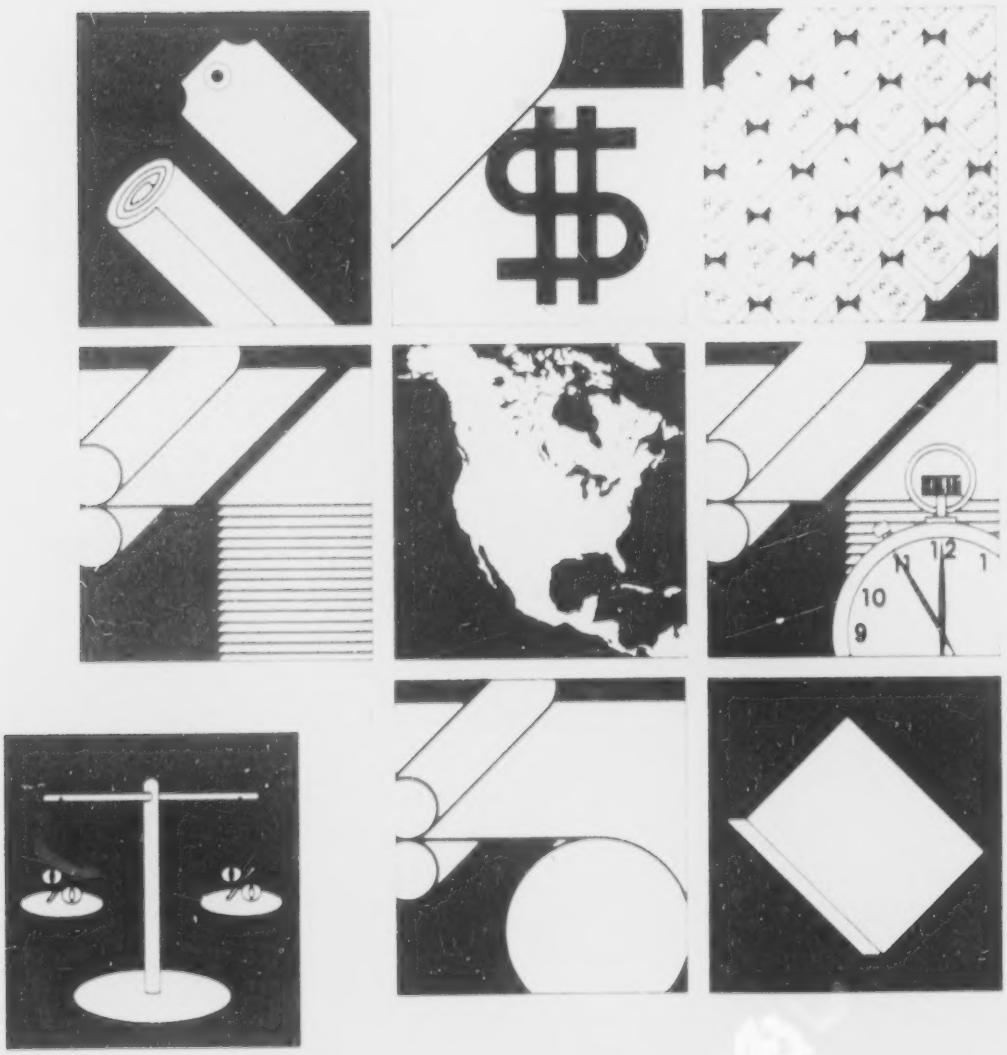
1987 Financial Ratio Study



Volume XI

Typographers

Volume XI: Typographers

An Annual Financial Survey Conducted By:
Printing Industries of America, Inc.
PIA Member Programs Services
1730 North Lynn Street
Arlington, VA 22209

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PRINTING INDUSTRIES OF AMERICA, INC.

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1987 is the 64th year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addreses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

H. R. MARGOLIS COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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PHILADELPHIA
NEW YORK

Dear Member of the Graphic Arts Community:

H. R. Margolis Company is pleased to have once again participated with PIA and the graphic arts community in compiling these financial ratios. In all, 933 graphic arts firms of various types took part in the 1987 study. This particular volume is the result of financial information contributed by 24 Typographers across the United States and Canada.

To help readers compare their own financial statements to those of other firms, the data is presented here by sales volume - for example, sales to $500,000, sales from $500,000 to $1,500,000, etc.; and by market - for example, Printers and Lithographers, Advertising Agencies, etc. Readers can compare their firm's operations with other firms having the same sales volume or market in four areas: Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts and Return on Investment.

The importance of sharing this type of information among the members of the graphic arts community cannot be overemphasized. Such a comparative analysis enhances the health of both individual firms and the graphic arts industry as a whole. Consequently, we urge that all firms put these ratios to use in making effective and profitable financial decisions.

H. R. MARGOLIS COMPANY

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The National Composition Association (NCA), founded in 1964, is a National Affiliate of PIA. With over 700 active members and subscribers, NCA is the world's leading association for the computerized composition industry. Through its publications program and its slate of educational conferences in cities throughout North America, NCA provides extensive current information on technology and equipment, business management and operations, and typography and aesthetics.

The NCA publications program issues frequent new monographs and studies, a monthly newsletter, and the NCA Reports looseleaf binder of supplementals. Included among NCA's many national educational conferences is the annual convention, held in conjunction with Type-X, the world's largest annual exhibition of composition equipment and software. Like all NCA conferences, the annual convention offers a large number of information-packed seminars and briefings by leading figures and authorities from the industry.

NCA also sponsors the annual Typographic Excellence Awards competition to recognize production excellence and high standards in typography. In addition, the association sponsors a number of other programs, such as the Benchmark Reports for increased production efficiency, a technical inquiry service, an electronic bulletin board, and software.

NCA is governed by its own Board of Directors and is a self-supporting contributor to the efforts of the PIA federation. We are pleased to endorse the PIA Rat' Reports and encourage your participation in this vital program.

Tina H. Allman
President
National Composition Association
(703) 841-8165

CHAPTER 1 - BY SIZE OF FIRM

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS*
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%
FACTORY COST OF PRODUCT		
MATERIALS		
Paper	0.52	1.40
Other chargeable materials	4.43	4.50
Outside services	5.60	3.86
TOTAL MATERIALS	10.55	9.76
FACTORY PAYROLL	40.79	39.33
FACTORY EXPENSES	17.84	15.81
TOTAL FACTORY COST OF PRODUCT	69.18	64.90
GROSS PROFIT	30.82	35.10
ADMINISTRATIVE AND SELLING EXPENSES		
Administrative expenses	16.03	10.73
Selling expenses	10.54	11.19
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	26.57	21.92
INCOME BEFORE INTEREST EXPENSE	4.25	13.18
Interest expense	1.51	1.39
OPERATING INCOME (LOSS)	2.74	11.79
Other income (expense)	(0.12)	0.46
INCOME (LOSS) BEFORE INCOME TAXES	2.62	12.25

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS		
Ink	0.00%	0.00%
Film	2.52	3.77
Plates	0.27	0.00
Other chargeable materials	1.64	0.73
TOTAL OTHER CHARGEABLE MATERIALS	4.43	4.50
OUTSIDE SERVICES		
Composition	0.57	1.79
Offset preparation	0.05	0.00
Printing	3.16	0.00
Binding	0.15	0.60
Other outside services	1.67	1.47
TOTAL OUTSIDE SERVICES	5.60	3.86

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES TO $500,000**	SALES FROM $500,000-$1,500,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%
0.29	0.00	0.73	0.52
3.65	4.71	5.79	8.99
8.39	3.69	4.09	4.40
12.33	8.40	10.61	13.91
39.08	39.42	44.08	38.59
19.36	18.91	15.04	13.80
70.77	66.73	69.73	66.30
29.23	33.27	30.27	33.70
17.26	20.21	10.22	9.07
8.36	12.28	12.06	11.30
25.62	32.49	22.28	20.37
3.61	0.78	7.99	13.33
1.67	1.95	1.02	0.66
1.94	(1.17)	6.97	12.67
0.12	(0.60)	(0.06)	1.66
2.06	(1.77)	6.91	14.33
0.00%	0.00%	0.00%	0.00%
2.61	1.53	4.07	7.54
0.00	0.00	0.70	0.00
1.04	3.18	1.02	1.45
3.65	4.71	5.79	8.99
0.35	0.03	1.03	1.89
0.00	0.00	0.15	0.00
5.62	2.17	1.63	0.00
0.00	0.00	0.17	0.00
2.42	1.49	1.11	2.51
8.39	3.69	4.09	4.40

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL		
Salaries - executive	5.87%	2.39%
Direct wages	23.95	26.58
General factory salaries and wages	3.27	1.01
Packing, shipping and delivery wages	1.31	0.61
Payroll taxes	3.31	4.62
Employee benefits	3.08	4.12
TOTAL FACTORY PAYROLL	40.79	39.33
FACTORY EXPENSES		
Fixed Expenses		
Depreciation - real estate	0.08	0.18
Depreciation - other	3.61	2.41
Taxes - real estate	0.02	0.04
Taxes - other	0.14	0.20
Insurance	0.78	0.62
Building rent	3.10	2.28
Utilities - heat, light, etc.	0.90	0.67
Equipment rental	3.18	1.75
Total Fixed Expenses	11.81	8.15
Other Expenses		
Factory supplies and expense	2.11	3.16
Packing, shipping and delivery expense	1.59	1.42
Repairs and maintenance	1.84	2.56
Other factory expenses	0.49	0.52
Total Other Expenses	6.03	7.66
TOTAL FACTORY EXPENSES	17.84	15.81
ADMINISTRATIVE EXPENSES		
Salaries - executive	4.94	2.52
Salaries - office	3.27	2.32
Payroll taxes	0.76	0.64
Employee benefits	0.90	1.21
Bad debts	0.56	0.08
Office supplies and expenses	1.08	1.64
Professional fees	1.00	0.34
Taxes - business	0.66	0.25
Telephone	0.83	1.00
Other administrative expenses	2.03	0.73
TOTAL ADMINISTRATIVE EXPENSES	16.03	10.73
SELLING EXPENSES		
Salaries - executive	2.19	1.13
Salaries and commissions - salesmen	3.64	2.77
Salaries - sales office clerical	0.57	2.06
Payroll taxes	0.45	0.45
Employee benefits	0.53	0.72
Advertising	0.94	0.79
Travel and entertainment	1.55	3.03
Other selling expenses	0.67	0.24
TOTAL SELLING EXPENSES	10.54	11.19

** Sample insufficient for Profit Leaders.

SALES TO $500,000**	SALES FROM $500,000-$1,500,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
8.61%	4.58%	4.18%	3.68%
21.38	21.00	28.76	23.64
1.63	7.45	1.68	2.03
2.38	0.86	0.42	0.19
3.72	3.03	3.16	2.90
1.36	2.50	5.88	6.15
39.08	39.42	44.08	38.59
0.00	0.01	0.26	0.37
3.61	3.65	3.55	3.09
0.00	0.00	0.05	0.09
0.16	0.10	0.15	0.27
1.11	0.64	0.50	0.57
4.29	3.04	1.73	1.04
0.76	0.94	1.14	1.15
3.36	4.81	1.14	0.59
13.29	13.19	8.52	7.17
2.10	2.23	1.94	1.23
1.58	1.14	2.23	2.49
2.04	1.71	1.78	1.87
0.35	0.64	0.57	1.04
6.07	5.72	6.52	6.63
19.36	18.91	15.04	13.80
5.13	7.03	2.90	2.42
3.12	4.26	2.19	1.42
1.02	0.78	0.31	0.35
0.46	1.28	1.03	1.78
0.74	0.79	0.16	0.00
1.40	1.13	0.44	0.73
1.31	0.75	0.89	0.24
1.18	0.68	0.01	0.02
0.95	0.77	0.70	1.03
1.95	2.74	1.59	1.08
17.26	20.21	10.22	9.07
2.47	2.74	1.23	0.00
1.93	4.23	5.17	3.57
0.17	0.00	1.74	4.12
0.44	0.43	0.55	0.63
0.19	0.43	1.15	1.45
1.03	1.16	0.69	0.24
1.51	2.31	1.00	0.81
0.62	0.98	0.53	0.48
8.36	12.28	12.06	11.30

CHAPTER 1 - BY SIZE OF FIRM

BALANCE SHEET

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
ASSETS		
CURRENT ASSETS		
Cash	8.69%	15.61%
Receivables	35.63	31.03
Inventories	6.65	11.86
Other current assets	5.69	0.36
TOTAL CURRENT ASSETS	56.66	58.86
FIXED ASSETS		
Real estate	3.23	5.68
Less: Accumulated depreciation	0.79	1.71
	2.44	3.97
Machinery and equipment	69.74	51.45
Less: Accumulated depreciation	39.03	20.88
	30.71	30.57
Other fixed assets	7.36	6.74
Less: Accumulated depreciation	3.25	3.13
	4.11	3.61
NET FIXED ASSETS	37.26	38.15
OTHER ASSETS	6.08	2.99
TOTAL ASSETS	100.00	100.00
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Notes payable	7.74	4.84
Accounts payable	13.77	8.88
Other current liabilities	9.65	13.18
TOTAL CURRENT LIABILITIES	31.16	26.90
LONG-TERM LIABILITIES	33.68	22.50
TOTAL LIABILITIES	64.84	49.40
SHAREHOLDERS' AND PROPRIETORS' EQUITY	35.16	50.60
TOTAL LIABILITIES AND EQUITY	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.82	2.19
QUICK RATIO	1.60	1.75
TOTAL LIABILITIES TO EQUITY	1.84	0.98
LONG-TERM LIABILITIES TO EQUITY	0.96	0.44
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.56	0.41

** Sample insufficient for Profit Leaders.

SALES TO $500,000**	SALES FROM $500,000-$1,500,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
9.49%	6.34%	5.96%	9.71%
29.99	44.78	35.50	41.60
3.12	3.88	13.95	20.38
7.83	3.18	6.12	0.24
50.43	58.18	61.53	71.93
0.00	1.57	9.50	11.36
0.00	0.90	1.80	3.41
0.00	0.67	7.70	7.95
81.20	81.89	46.93	43.08
43.85	47.23	28.89	28.49
37.35	34.66	18.04	14.59
5.96	5.86	11.74	11.63
2.06	3.17	5.34	6.26
3.90	2.69	6.40	5.37
41.25	38.02	32.14	27.91
8.32	3.80	6.33	0.16
100.00	100.00	100.00	100.00
4.87	10.79	7.17	1.50
13.42	22.33	5.13	4.13
6.48	8.98	14.76	22.84
24.77	42.10	27.06	28.47
52.08	28.92	18.21	9.60
76.85	71.02	45.27	38.07
23.15	28.98	54.73	61.93
100.00	100.00	100.00	100.00
2.04	1.38	2.27	2.53
1.91	1.29	1.76	1.81
3.32	2.45	0.83	0.61
2.25	1.00	0.33	0.16
0.54	0.58	0.62	0.66

CHAPTER 1 - BY SIZE OF FIRM

SIGNIFICANT FACTS

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Average assets per employee - All employees	$ 19,566	$ 21,565
Average assets per factory employee (Excluding Executives)	29,725	28,557
Average net worth per employee - All employees	8,036	11,484
Average gross plant investment per factory employee (Excluding Executives)	21,301	17,637
Net worth percentage of fixed assets	100.10%	165.18%
EMPLOYEES		
Percent factory - All employees	74.84%	81.66%
Percent administrative - All employees	14.89	7.99
Percent sales - All employees	10.27	10.35
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES		
Sales per employee - All employees	$ 44,185	$ 44,423
Sales per factory employee	61,214	55,361
Sales less material per factory employee	54,322	49,647
Sales per administrative employee	374,816	578,213
EXCLUDING EXECUTIVES		
Sales per employee - All employees	55,194	48,743
Sales per factory employee	69,889	58,808
Sales less material per factory employee	61,974	52,656
SALES PER SALESMAN	642,585	1,696,162
SALES TO CURRENT ASSETS	537%	475%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES		
Total payroll percentage of sales	58.04%	53.15%
Factory payroll percentage of gross plant investment	152.55	135.78
Payroll per employee - All employees	$ 25,478	$ 23,718
Payroll per factory employee	23,764	21,588
Payroll per administrative employee	32,795	36,660
Payroll per sales employee	30,025	31,177
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES		
Payroll per employee - All employees	$ 19,083	$ 17,298
Payroll per factory employee	18,750	16,372
Payroll per administrative employee	17,524	20,232
Payroll per sales employee	19,111	18,965
EXECUTIVE PAYROLL		
Payroll per executive - All executives	38,560	31,171
Payroll per factory executive	29,005	22,279
Payroll per administrative executive	44,355	44,732
Payroll per sales executive	25,550	15,261
RECEIVABLES		
Collection period	54.5	58.5
PROFIT		
Gross profit percentage of sales	30.82%	35.10%
Average gross profit per factory employee	$ 22,250	$ 20,635
Income (loss) before taxes percentage of sales	2.62%	12.25%
Average income (loss) before taxes per employee	$ 1,250	$ 5,599

** Sample insufficient for Profit Leaders.

SALES TO $500,000**	SALES FROM $500,000-$1,500,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 13,837	$ 19,017	$ 26,994	$ 24,547
21,880	30,893	38,472	33,783
4,668	5,663	14,266	15,223
17,249	22,461	26,576	22,444
58.99%	53.15%	192.06%	230.39%
74.06%	72.17%	78.20%	79.66%
17.39	17.64	9.42	6.99
8.55	10.19	12.38	13.35
$ 38,404	$ 43,681	$ 52,007	$ 48,337
54,822	63,305	67,757	61,584
46,821	57,860	60,608	53,229
211,742	325,719	630,899	684,863
53,000	55,193	58,646	52,811
65,164	73,183	74,003	67,356
55,589	66,713	66,425	58,225
38,527	198,991	1,270,758	2,406,488
760%	489%	332%	269%
54.00%	60.59%	60.35%	54.33%
187.48	108.32	144.47	111.89
$ 20,447	$ 26,145	$ 31,044	$ 26,008
19,776	23,368	29,107	23,222
19,447	40,970	40,210	41,266
20,749	30,245	42,490	35,189
$ 15,234	$ 19,419	$ 23,215	$ 18,127
15,331	19,317	22,225	16,934
10,974	21,501	18,555	13,259
7,299	19,810	33,405	27,694
25,737	43,926	50,864	35,398
20,760	28,416	39,397	27,269
21,715	53,394	67,256	65,385
14,314	30,394	33,455	0
36.8	64.2	68.9	81.4
29.23%	33.27%	30.27%	33.70%
$ 19,566	$ 25,062	$ 23,309	$ 23,405
2.06%	(1.77)%	6.91%	14.33%
$ 852	$ (1,064)	$ 3,716	$ 7,156

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Current Assets:		
Cash	$ 3.47	$ 7.90
Receivables	14.60	15.74
Inventories	3.11	6.12
Marketable securities	1.11	0.00
Other current assets	1.56	0.18
	23.85	29.94
Plant Investment:		
Land and building	1.92	3.65
Machinery and equipment	28.03	23.90
Other fixed assets	3.39	3.22
	33.34	30.77
Non-Current Assets	2.84	1.18
TOTAL INVESTMENT	60.03	61.89
INVESTMENT TURNOVER PER $100 OF SALES	166.58%	161.58%
EARNINGS		
Cost of Product	$69.18	$64.90
Selling Expenses	10.54	11.19
Administrative Expenses	16.03	10.73
	95.75	86.82
Income Before Interest, Other Income (Expense), and Taxes	4.25	13.18
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	7.08%	21.30%

** Sample insufficient for Profit Leaders.

SALES TO $500,000**	SALES FROM $500,000-$1,500,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 3.09	$ 2.14	$ 3.09	$ 5.16
9.93	17.26	18.33	22.06
1.26	1.24	7.30	10.54
2.80	0.21	0.00	0.00
0.74	1.09	3.24	0.12
17.82	21.94	31.96	37.88
0.00	0.51	6.07	7.30
24.14	37.34	24.71	21.83
2.58	2.18	6.13	5.70
26.72	40.03	36.91	34.83
3.43	2.14	3.17	0.07
47.97	64.11	72.04	72.78
208.46%	155.98%	138.81%	137.40%
$70.77	$66.73	$69.73	$66.30
8.36	12.28	12.06	11.30
17.26	20.21	10.22	9.07
96.39	99.22	92.01	86.67
3.61	0.78	7.99	13.33
7.53%	1.22%	11.09%	18.32%

CHAPTER 2 - BY MARKET

REPORT ON OPERATIONS - SALES = 100%

	PRINTERS AND LITHOGRAPHERS**	ADVERTISING AGENCIES	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	0.00	0.59	2.30
Other chargeable materials	2.84	3.19	0.00
Outside services	5.47	4.17	3.32
TOTAL MATERIALS	8.31	7.95	5.62
FACTORY PAYROLL	52.23	44.44	40.08
FACTORY EXPENSES	13.96	18.71	17.81
TOTAL FACTORY COST OF PRODUCT	74.50	71.10	63.51
GROSS PROFIT	25.50	28.90	36.49
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	12.45	16.37	12.39
Selling expenses	7.10	9.46	11.08
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	19.55	25.83	23.47
INCOME (LOSS) BEFORE INTEREST EXPENSE	5.95	3.07	13.02
Interest expense	0.89	1.77	2.11
OPERATING INCOME (LOSS)	5.06	1.30	10.91
Other income (expense)	0.22	(0.37)	(0.74)
INCOME (LOSS) BEFORE INCOME TAXES	5.28	0.93	10.17

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	0.00%	0.00%	0.00%
Film	2.84	2.08	0.00
Plates	0.00	0.00	0.00
Other chargeable materials	0.00	1.11	0.00
TOTAL OTHER CHARGEABLE MATERIALS	2.84	3.19	0.00
OUTSIDE SERVICES			
Composition	5.47	0.47	1.78
Offset preparation	0.00	0.00	0.00
Printing	0.00	2.62	0.00
Binding	0.00	0.20	1.54
Other outside services	0.00	0.88	0.00
TOTAL OUTSIDE SERVICES	5.47	4.17	3.32

** Sample insufficient for Profit Leaders.

PUBLISHERS**	BOOKS**	DIRECT BUYERS**	OTHERS**
ALL FIRMS	ALL FIRMS	ALL FIRMS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%
1.08	0.52	0.00	1.33
6.76	6.97	4.93	6.78
2.41	2.87	12.17	3.09
10.25	10.36	17.10	11.20
49.57	37.27	30.76	29.11
13.63	12.92	19.29	22.43
73.45	60.55	67.15	62.74
26.55	39.45	32.85	37.26
8.67	15.07	13.02	33.55
11.48	10.61	13.76	10.79
20.15	25.68	26.78	44.34
6.40	13.77	6.07	(7.08)
0.72	0.71	2.13	0.80
5.68	13.06	3.94	(7.88)
1.24	(2.24)	0.48	0.17
6.92	10.82	4.42	(7.71)
0.00%	0.00%	0.00%	0.00%
5.51	3.13	1.72	3.34
0.00	0.00	1.88	0.00
1.25	3.84	1.33	3.44
6.76	6.97	4.93	6.78
2.30	0.00	0.29	0.25
0.00	0.00	0.21	0.00
0.10	0.00	8.03	0.65
0.00	0.00	0.24	0.00
0.01	2.87	3.40	2.19
2.41	2.87	12.17	3.09

SUPPORTING SCHEDULES - SALES = 100%

	PRINTERS AND LITHOGRAPHERS**	ADVERTISING AGENCIES	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL			
Salaries - executive	19.96%	5.43%	1.10%
Direct wages	25.85	25.01	29.49
General factory salaries and wages	0.17	5.30	0.00
Packing, shipping and delivery wages	0.00	2.34	1.04
Payroll taxes	2.55	3.94	6.35
Employee benefits	3.70	2.42	2.10
TOTAL FACTORY PAYROLL	52.23	44.44	40.08
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.43	0.01	0.00
Depreciation - other	4.88	3.84	1.71
Taxes - real estate	0.10	0.00	0.00
Taxes - other	0.17	0.14	0.12
Insurance	0.53	0.84	0.67
Building rent	2.22	3.04	3.52
Utilities - heat, light, etc.	1.09	0.97	0.19
Equipment rental	0.04	3.49	2.91
Total Fixed Expenses	9.46	12.33	9.12
Other Expenses			
Factory supplies and expense	2.45	2.96	5.09
Packing, shipping and delivery expense	0.01	1.24	0.36
Repairs and maintenance	1.67	1.73	3.24
Other factory expenses	0.37	0.45	0.00
Total Other Expenses	4.50	6.38	8.69
TOTAL FACTORY EXPENSES	13.96	18.71	17.81
ADMINISTRATIVE EXPENSES			
Salaries - executive	1.67	5.44	2.63
Salaries - office	0.40	3.83	3.22
Payroll taxes	0.11	1.11	0.92
Employee benefits	0.68	0.81	0.64
Bad debts	2.33	0.52	0.15
Office supplies and expenses	0.31	1.47	2.55
Professional fees	1.13	1.15	0.45
Taxes - business	0.02	0.25	0.48
Telephone	0.80	0.83	0.97
Other administrative expenses	5.00	0.96	0.38
TOTAL ADMINISTRATIVE EXPENSES	12.45	16.37	12.39
SELLING EXPENSES			
Salaries - executive	1.44	2.22	2.26
Salaries and commissions - salesmen	1.25	3.18	1.95
Salaries - sales office clerical	1.21	0.00	0.00
Payroll taxes	0.30	0.40	0.27
Employee benefits	1.04	0.22	0.00
Advertising	0.27	0.95	1.34
Travel and entertainment	0.75	2.01	5.26
Other selling expenses	0.84	0.48	0.00
TOTAL SELLING EXPENSES	7.10	9.46	11.08

** Sample insufficient for Profit Leaders.

PUBLISHERS**	BOOKS**	DIRECT BUYERS**	OTHERS**
ALL FIRMS	ALL FIRMS	ALL FIRMS	ALL FIRMS
3.70%	3.87%	4.32%	2.29%
33.36	25.83	18.25	19.17
1.98	1.15	1.73	2.50
0.50	0.19	0.85	0.00
3.82	3.09	2.57	2.18
6.21	3.14	3.04	2.97
49.57	37.27	30.76	29.11
0.49	0.00	0.00	0.00
3.60	2.61	4.14	0.61
0.09	0.00	0.00	0.00
0.12	0.18	0.06	0.31
0.50	0.76	0.57	1.54
1.40	2.33	3.51	5.79
1.13	1.17	0.58	0.68
0.72	1.24	2.78	10.01
8.05	8.29	11.64	18.94
1.26	1.03	1.80	0.00
1.71	0.91	3.52	0.79
1.81	2.07	1.70	2.70
0.80	0.62	0.63	0.00
5.58	4.63	7.65	3.49
13.63	12.92	19.29	22.43
2.51	6.74	3.69	9.30
1.86	2.65	3.22	5.17
0.36	0.44	0.42	1.10
1.13	1.41	0.23	2.54
0.00	0.00	0.29	0.77
0.39	0.66	0.80	1.45
0.64	0.78	1.11	0.34
0.00	0.15	0.16	6.00
1.09	0.76	0.62	1.22
0.69	1.48	2.48	5.66
8.67	15.07	13.02	33.55
1.18	0.00	2.77	4.57
4.14	2.57	6.57	1.61
2.61	2.24	0.30	0.00
0.57	0.44	0.59	0.41
1.29	0.92	0.32	1.11
0.30	0.80	1.61	0.72
0.92	1.67	1.19	1.25
0.47	1.97	0.41	1.12
11.48	10.61	13.76	10.79

BALANCE SHEET

	PRINTERS AND LITHOGRAPHERS**	ADVERTISING AGENCIES	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
ASSETS			
CURRENT ASSETS			
Cash	0.87%	9.28%	21.52%
Receivables	31.24	29.49	20.43
Inventories	6.71	5.46	3.35
Other current assets	0.28	8.30	0.49
TOTAL CURRENT ASSETS	39.10	52.53	45.79
FIXED ASSETS			
Real estate	21.87	1.00	0.00
Less: Accumulated depreciation	2.89	0.57	0.00
	18.98	0.43	0.00
Machinery and equipment	72.72	66.02	59.83
Less: Accumulated depreciation	39.51	30.49	13.28
	33.21	35.53	46.55
Other fixed assets	5.51	4.09	1.85
Less: Accumulated depreciation	2.13	1.42	0.00
	3.38	2.67	1.85
NET FIXED ASSETS	55.57	38.63	48.40
OTHER ASSETS	5.33	8.84	5.81
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY (DEFICIENCY)			
CURRENT LIABILITIES			
Notes payable	7.21	12.21	8.17
Accounts payable	12.05	10.63	13.64
Other current liabilities	11.41	5.25	3.51
TOTAL CURRENT LIABILITIES	30.67	28.09	25.32
LONG-TERM LIABILITIES	38.43	33.62	35.40
TOTAL LIABILITIES	69.10	61.71	60.72
SHAREHOLDERS' AND PROPRIETORS' EQUITY (DEFICIENCY)	30.90	38.29	39.28
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.27	1.87	1.81
QUICK RATIO	1.06	1.68	1.68
TOTAL LIABILITIES TO EQUITY (DEFICIENCY)	2.24	1.61	1.55
LONG-TERM LIABILITIES TO EQUITY (DEFICIENCY)	1.24	0.88	0.90
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.54	0.46	0.22

** Sample insufficient for Profit Leaders.

PUBLISHERS**	BOOKS**	DIRECT BUYERS**	OTHERS**
ALL FIRMS	ALL FIRMS	ALL FIRMS	ALL FIRMS
11.06%	9.80%	8.86%	9.40%
39.81	45.34	29.01	76.43
14.18	16.60	2.59	5.82
1.98	1.31	7.46	0.40
67.03	73.05	47.92	92.05
11.37	0.00	0.00	0.00
3.41	0.00	0.00	0.00
7.96	0.00	0.00	0.00
49.79	94.80	79.44	57.83
32.69	74.74	41.35	50.36
17.10	20.06	38.09	7.47
13.35	18.55	11.20	0.48
7.47	13.38	3.31	0.00
5.88	5.17	7.89	0.48
30.94	25.23	45.98	7.95
2.03	1.72	6.10	0.00
100.00	100.00	100.00	100.00
2.46	5.42	2.98	3.24
2.04	7.99	9.99	59.72
19.09	25.65	8.34	9.88
23.59	39.06	21.31	72.84
9.96	5.19	52.31	34.92
33.55	44.25	73.62	107.76
66.45	55.75	26.38	(7.76)
100.00	100.00	100.00	100.00
2.84	1.87	2.25	1.26
2.24	1.45	2.13	1.18
0.50	0.79	2.79	(13.89)
0.15	0.09	1.98	(4.50)
0.66	0.79	0.52	0.87

SIGNIFICANT FACTS

	PRINTERS AND LITHOGRAPHERS**	ADVERTISING AGENCIES	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Average assets per employee - All employees	$ 17,238	$ 17,844	$ 18,582
Average assets per factory employee (Excluding Executives)	27,827	26,363	23,331
Average net worth per employee - All employees	6,990	7,326	7,746
Average gross plant investment per factory employee (Excluding Executives)	29,544	18,621	12,831
Net worth (deficiency) percentage of fixed assets	53.08%	131.64%	99.97%
EMPLOYEES			
Percent factory - All employees	90.45%	74.35%	83.66%
Percent administrative - All employees	2.03	17.20	8.99
Percent sales - All employees	7.52	8.45	7.35
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 36,882	$ 40,565	$ 40,508
Sales per factory employee	41,999	54,913	49,138
Sales less material per factory employee	39,234	50,425	46,066
Sales per administrative employee	532,992	287,617	471,563
EXCLUDING EXECUTIVES			
Sales per employee - All employees	57,904	49,695	44,675
Sales per factory employee	63,331	60,745	50,259
Sales less material per factory employee	58,224	55,858	47,086
SALES PER SALESMAN	1,599,000	223,642	275,510
SALES TO CURRENT ASSETS	723%	504%	681%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	60.33%	61.67%	51.97%
Factory payroll percentage of gross plant investment	171.95	202.10	159.66
Payroll per employee - All employees	$ 22,632	$ 24,941	$ 21,427
Payroll per factory employee	21,690	24,437	19,953
Payroll per administrative employee	30,468	26,574	32,053
Payroll per sales employee	15,070	25,030	27,165
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 16,450	$ 19,506	$ 16,469
Payroll per factory employee	16,641	19,915	15,809
Payroll per administrative employee	10,628	16,343	27,205
Payroll per sales employee	9,371	12,180	10,236
EXECUTIVE PAYROLL			
Payroll per executive - All executives	23,601	33,725	26,945
Payroll per factory executive	20,197	27,613	17,290
Payroll per administrative executive	29,591	32,742	24,080
Payroll per sales executive	16,937	28,096	30,521
RECEIVABLES			
Collection period	39.5	44.9	35.6
PROFIT			
Gross profit percentage of sales	25.50%	28.90%	36.49%
Average gross profit per factory employee	$ 16,272	$ 17,200	$ 17,865
Income (loss) before taxes percentage of sales	5.28%	0.93%	10.17%
Average income (loss) before taxes per employee	$ 1,943	$ 376	$ 4,041

** Sample insufficient for Profit Leaders.

PUBLISHERS**	BOOKS**	DIRECT BUYERS**	OTHERS**
ALL FIRMS	ALL FIRMS	ALL FIRMS	ALL FIRMS
$ 23,603	$ 17,207	$ 25,545	$ 14,737
30,401	23,591	39,423	31,320
15,677	10,312	7,556	4,270
22,634	20,899	29,941	5,264
216.86%	225.55%	80.54%	(219.61)%
83.65%	83.61%	68.02%	61.46%
6.97	6.91	16.60	26.67
9.38	9.48	15.38	11.87
$ 40,994	$ 49,277	$ 51,311	$ 51,680
49,013	60,713	77,406	87,307
44,232	53,990	63,601	78,067
597,301	710,295	350,533	198,981
44,917	53,310	64,757	70,985
52,799	65,404	87,131	105,205
47,645	58,117	71,307	94,212
1,582,050	1,465,118	273,859	150,727
259%	463%	698%	475%
65.22%	54.70%	48.86%	54.91%
115.64	113.31	95.43	79.58
$ 27,092	$ 26,683	$ 25,567	$ 28,233
24,689	22,306	23,401	23,575
34,475	79,365	26,514	36,788
43,745	37,306	36,481	35,310
$ 20,294	$ 18,177	$ 19,551	$ 17,917
19,323	16,959	17,506	18,778
15,245	33,066	17,915	16,670
31,178	30,724	32,801	9,067
35,036	73,459	44,136	34,789
25,605	43,183	37,718	12,903
49,999	118,075	45,231	41,439
45,255	0	18,923	42,566
85.1	54.0	62.7	71.7
26.55%	39.45%	32.85%	37.26%
$ 13,829	$ 25,322	$ 30,158	$ 41,579
6.92%	10.82%	4.42%	(7.71)%
$ 2,615	$ 5,914	$ 2,561	$ (3,937)

RETURN ON INVESTMENT - PER $100 OF SALES

	PRINTERS AND LITHOGRAPHERS**	ADVERTISING AGENCIES	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Current Assets:			
Cash	$ 0.25	$ 4.45	$10.64
Receivables	10.45	11.91	9.41
Inventories	4.27	2.50	1.71
Marketable securities	0.00	2.42	0.00
Other current assets	0.18	1.21	0.25
	15.15	22.49	22.01
Plant Investment:			
Land and building	13.94	0.33	0.00
Machinery and equipment	28.73	29.66	25.96
Other fixed assets	2.97	1.61	0.73
	45.64	31.60	26.69
Non-Current Assets	2.76	3.75	2.30
TOTAL INVESTMENT	63.55	57.84	51.00
INVESTMENT TURNOVER PER $100 OF SALES	157.36%	172.89%	196.08%
EARNINGS			
Cost of Product	$74.50	$71.10	$63.51
Selling Expenses	7.10	9.46	11.08
Administrative Expenses	12.45	16.37	12.39
	94.05	96.93	86.98
Income (loss) Before Interest, Other Income (Expense), and Taxes	5.95	3.07	13.02
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME (LOSS)	9.36%	5.31%	25.53%

** Sample insufficient for Profit Leaders.

PUBLISHERS**	BOOKS**	DIRECT BUYERS**	OTHERS**
ALL FIRMS	ALL FIRMS	ALL FIRMS	ALL FIRMS
$ 6.34	$ 3.23	$ 1.60	$ 3.39
23.20	14.66	16.67	19.66
8.44	6.12	1.42	1.16
0.00	0.00	0.00	0.00
1.04	0.34	4.16	0.13
39.02	24.35	23.85	24.34
7.30	0.00	0.00	0.00
27.92	27.22	31.51	10.58
7.38	5.87	6.20	0.09
42.60	33.09	37.71	10.67
1.06	0.43	3.67	0.00
82.68	57.87	65.23	35.01
120.95%	172.80%	153.30%	285.63%
$73.45	$60.55	$67.15	$ 62.74
11.48	10.61	13.76	10.79
8.67	15.07	13.02	33.55
93.60	86.23	93.93	107.08
6.40	13.77	6.07	(7.08)
7.74%	23.79%	9.31%	(20.22)%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME (LOSS)
TOTAL - ALL FIRMS	24	$1,327,000	$2,625,000	$ 204,000
TOTAL - PROFIT LEADERS*	4	3,300,000	6,617,000	963,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$500,000	9	107,000	265,000	6,000
$500,000-$1,500,000	7	403,000	1,011,000	(22,000)
Over $3,000,000	7	3,894,000	7,423,000	696,000
PROFIT LEADERS				
Over $3,000,000	2	6,155,000	12,336,000	1,847,000
BY MARKET				
ALL FIRMS				
Printers and Lithographers	2	3,411,000	5,391,000	282,000
Advertising Agencies	11	406,000	914,000	2,000
Publishers	2	3,701,000	6,122,000	547,000
Books	2	3,616,000	8,829,000	1,366,000
Direct Buyers	5	1,104,000	2,188,000	117,000
Other	2	206,000	662,000	(50,000)
PROFIT LEADERS				
Advertising Agencies	2	445,000	897,000	79,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages.